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HOUSE BILL 3242 By
Scroggs

SENATE BILL 3238
By McNally

AN ACT to amend the Tennessee Code Annotated Title
56, relative to the provision of health insurance
to employed persons in the State of Tennessee.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE

SECTION 1. This act shall be known as "The Employer Health Insurance Responsibility
Act of 2000".

SECTION 2. (a) The General Assembly hereby declares that as a matter of public policy,
the primary source of health insurance for employed individuals should be an employer
sponsored health insurance plan. Furthermore, the General Assembly hereby declares that it is
a taxable privilege for an employer to conduct business in this state without providing adequate
health insurance coverage to the employer' s employees who are employed in Tennessee, their
spouses and dependents.

(b) For the purpose of this section, an employee or the employee' s spouse or
dependents are deemed covered if they have obtained adequate health insurance coverage
from a source other than the employer, unless the coverage is obtained under the state' s
TennCare program.

(c) For the purpose of this section, the requirements of "adequate health
insurance coverage" shall be a health insurance plan determined by the Department of
Commerce and Insurance to be equal or superior to the benefits provided through the standard
health care plan established through the Small Employer Group Health Coverage Act,

Tennessee Code Annotated Section 56-7-2201, et seq., or, if a self-funded or Taft-Hartley plan, a plan which has met the requirements of the federal Employee Retirement Income Security Act of 1974.

(d) For the purpose of this section, the requirements of “adequate health insurance coverage” shall include compliance with the provisions of the Tennessee Health Insurance Portability, Availability and Renewability Act and the federal Health Insurance Portability and Accountability Act of 1996.

(e) All employers who are subject to the provisions of this section and who fail to provide adequate health insurance coverage as required by this section shall pay to the State of Tennessee a tax of one and a half percent (1.5%) of their annual total gross revenues. This tax shall not apply to religious, charitable, or non-for-profit employers. The provisions of this section shall apply on and after January 1, 2001 to all employers with two hundred or more employees in Tennessee. The provisions of this section shall apply on and after January 1, 2002 to all employers with one hundred or more employees in Tennessee. The provisions of this section shall apply on and after January 1, 2003 to all employers with twenty-five employees or more in Tennessee.

(f) This section shall be administered by the Department of Commerce and Insurance. For purposes of implementing this section, the Commissioner of Commerce and Insurance shall have the authority to promulgate any rules necessary to effectuate the purposes of this section. Such rules shall be promulgated in accordance with the Uniform Administrative Procedures Act, codified at Title 4, Chapter 5 of the Tennessee Code Annotated.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the

act which can be given effect without the invoking provision or application, and to that end the provisions of this act are declared to be severable.

SECTION 4. This bill shall become effective upon becoming law, the public welfare requiring it.